

Exhibit 9

OPERATING AGREEMENT
for
THE DETROIT INSTITUTE OF ARTS

Between

THE CITY OF DETROIT

and

**FOUNDERS SOCIETY
DETROIT INSTITUTE OF ARTS**

City Contract No. 77009

OPERATING AGREEMENT

for
THE DETROIT INSTITUTE OF ARTS

TABLE OF CONTENTS

	Page
RECITALS	-1-
A. DEFINITIONS	-3-
1. AAA	-3-
2. Agreement	-3-
3. Associates	-3-
4. City	-3-
5. City art collection	-3-
6. City Charter	-3-
7. City Council	-3-
8. City garage and lots	-3-
9. City intellectual property	-3-
10. Claim	-4-
11. Commission	-4-
12. Contract term	-4-
13. DIA	-4-
14. DIA building	-4-
15. DIA records	-4-
16. DIA properties	-4-
17. Effective date	-4-
18. Ferry Street properties	-4-
19. Force majeure event	-4-
20. Frederick lot ground lease	-5-
21. Society	-5-
22. Society art collection	-5-
23. Society intellectual property	-5-
24. Society properties	-5-
B. SOCIETY'S REPRESENTATIONS AND WARRANTIES	-5-
1. Society's Authority	-5-
2. Society Has No Conflicting Contractual Obligations	-5-
3. Society Has No Conflict of Interest	-6-
4. Society Has No Conflict with Law	-6-

C.	CITY'S REPRESENTATIONS AND WARRANTIES	-6-
1.	City's Authority	-6-
2.	City Has No Conflicting Contractual Obligations	-6-
3.	City Has No Conflict of Interest	-7-
4.	City Has No Conflict with Law	-7-
D.	ENGAGEMENT OF THE SOCIETY; RELATIONSHIP BETWEEN THE PARTIES	-7-
1.	Engagement	-7-
2.	Independent Contractor Relationship	-7-
3.	Scope of the Society's Duties	-8-
4.	Final Accounting Under 1994 Contract	-8-
E.	RETENTION OF ASSETS BY THE CITY	-8-
1.	City Retains Title to Assets	-8-
2.	Acquisition of New Assets	-8-
3.	Licensing of Intellectual Property	-8-
F.	AGREEMENTS BY THE SOCIETY	-9-
1.	Compliance with Laws; Standards	-9-
2.	Society's Duty to Manage the City Art Collection	-10-
3.	Situs of the Collection; Loans of Works of Art	-10-
4.	Society's Duty to Inventory the City Art Collection	-11-
5.	Society's Duty to Maintain the DIA Building and Parking Lots	-11-
6.	Additions, Improvements and Modifications to the DIA Building and Parking Lots	-11-
7.	Society Has No Right to Encumber	-11-
8.	Society's Duty to Pursue Funding	-12-
9.	Use of Revenues	-12-
10.	Society's Duty to Provide Operating Expenses	-12-
11.	Society's Pre-Effective Date Liabilities	-12-
12.	Solicitation of Donations of Works of Art; Certain Art Acquisitions	-12-
13.	Society's Duty to Establish Disaster Recovery Plan	-12-
14.	Society's Duty to Establish Risk Management Programs	-13-
15.	Society's Duty to Place Certain Insurance Policies	-13-
16.	Society's Duty to Place Liquor Liability Insurance	-16-
17.	Modifications to Terms or Conditions of Insurance Policies Required by Subsections F15 and F16	-16-
18.	Society's Duty to Administer Insurance Policies, Handle Insurance Claims and Manage Insurance Proceeds	-16-

19.	Society's Duty to Reimburse the City for the Placement of Other Insurance Policies	-17-
20.	Society's Duty to Renegotiate Insurance Coverages	-17-
21.	Society's Subcontractors to Carry Certain Insurance Coverages .	-17-
22.	Society's Waiver of Subrogation	-17-
23.	Society to Follow Generally Accepted Accounting Principles . . .	-17-
24.	Compliance with Executive Orders; Construction Contracts	-17-
25.	Residency Requirement	-18-
26.	Affirmative Action	-18-
27.	Non-Discrimination Policy	-19-
28.	Non-Discrimination Clauses in Subcontracts	-19-
29.	Employee Selection Procedures	-20-
30.	Recruitment of Volunteers	-20-
31.	Purchase of Utilities Other than Electricity, Water and Sewage Services and Regular Trash Collection Services	-20-
32.	Purchase of Electricity, Water and Sewage Services and Regular Trash Collection Services	-20-
33.	Use of the DIA Building and Parking Lots for City-Sponsored Functions	-20-
34.	Continuation and Possible Future Expansion of the DIA's Hours .	-21-
35.	General Admission to the DIA Building	-21-
36.	Policy Amendments Require Commission Approval	-21-
37.	Society's Duty to Submit Quarterly Reports on Employment Matters	-21-
38.	Society's Duty to Submit Internal Quarterly Financial Statements	-22-
39.	Society's Duty to Submit Annual Reports	-22-
40.	Society's Duty to Submit Audited Financial Statements	-24-
41.	Correction of Society's Reports.	-24-
42.	Society's Duty to Provide Other Information Requested by the Commission	-24-
43.	Society's Duty to Notify the Commission Concerning Emergent Matters	-24-
44.	Society's Duty to Establish Document Retention Policy	-24-
45.	Society's Duty to Submit to Audit	-24-
46.	Society's Duty to Submit to Inspection	-24-
47.	Society's Duty to Appear Before the Commission	-25-
G.	ROLE OF THE COMMISSION	-25-
1.	Arts Commission Oversight of Agreement.	-25-
2.	Commission to Prescribe the Form of, Receive and Review Society's Reports	-25-

OPERATING AGREEMENT BETWEEN THE CITY OF DETROIT AND
FOUNDERS SOCIETY DETROIT INSTITUTE OF ARTS
City Contract No. 77009

3.	Commission May Request Additional Information	-25-
4.	Commission's Duty to Renegotiate Insurance Coverages	-25-
5.	Commission's Audit Rights	-25-
6.	Inspection Rights	-25-
7.	Commission to Receive, Review and Approve Certain Society Policies and Amendments Thereto	-26-
8.	Commission to Receive, Review and Approve Certain Amendments to Society Articles of Incorporation and Bylaws . .	-26-
9.	Commission's Hearings	-27-
10.	Commission to Review and Approve the Society's Director and Deputy Director of the DIA	-27-
11.	Commission to Report to the Mayor	-27-
12.	Commission to Evaluate Society's Services and to Provide Evaluation to the City Council and to the Society	-27-
H.	AGREEMENTS BY THE CITY	-28-
1.	City's Pre-Effective Date Liabilities	-28-
2.	City's Duty to Operate and Maintain Cultural Center Garage . . .	-28-
3.	Fees for Central City Services	-28-
4.	Annual Grant by the City	-28-
5.	City's Duty to Transfer Funds Received by the City for the Benefit of the DIA	-29-
6.	City Sale of Certain Bonds	-29-
7.	City's Duty to Place Certain Insurance Policies	-30-
8.	Modifications to Terms or Conditions of Insurance Policies Required by Subsection H7	-32-
9.	First-Party Claims in Excess of Insurance Limits	-32-
10.	City's Waiver of Subrogation	-32-
11.	Society's Purchase of Utilities	-32-
12.	City's Responsibility for Property Taxes on the DIA Properties and the City Art Collection	-33-
13.	City to Transfer to the Society Certain Tangible Personal Property Assets for DIA Operations	-33-
14.	Limited Warranties	-33-
15.	Assumption of Leases and Service Contracts	-34-
16.	Use of DIA Records	-34-
17.	Society Retains Title to Its Assets	-34-
I.	ESTABLISHMENT AND GOVERNANCE OF THE SOCIETY; ABOLITION OF JOINT COMMITTEES	-34-
1.	Board of Directors; Committees	-34-
2.	Certain Amendments Require Commission Approval	-35-

OPERATING AGREEMENT BETWEEN THE CITY OF DETROIT AND
FOUNDERS SOCIETY DETROIT INSTITUTE OF ARTS
City Contract No. 77009

3.	Ethical Standards	-36-
4.	Abolition of Joint Committees	-36-
J.	INDEMNITY; ASSUMPTION OF RISK	-36-
1.	Indemnification Obligation	-36-
2.	Assumption of Risk	-37-
3.	Safeguarding of Personal Property	-37-
4.	Indemnification Not Limited by Workers' Compensation or Employee Benefit Acts	-37-
5.	Duty to Notify	-38-
6.	Duty to Cooperate	-38-
K.	EMPLOYMENT MATTERS	-38-
1.	Employment of Non-Unionized City Employees	-38-
2.	Employment of Unionized City Employees; Negotiation with Labor Organizations	-40-
3.	Limited Right to Return to City Employment	-44-
4.	Financial Responsibility for Pensions Earned by Former City Employees	-47-
5.	IRS Approval of Pension Plan(s)	-47-
6.	Hiring of Personnel	-47-
7.	Society's Director and Deputy Director of the DIA	-47-
8.	Cooperation in Employee Transitions.	-48-
L.	TERM OF AGREEMENT; TERMINATION	-48-
1.	Initial Term	-48-
2.	Extensions of Term	-48-
3.	Termination	-48-
4.	Material Breach	-49-
5.	Cure	-49-
6.	Resolution of Disputes	-49-
7.	Effect of Termination	-50-
M.	ARBITRATION	-51-
1.	Arbitration	-51-
2.	Covenant Not to Sue	-51-
N.	NO ASSIGNMENT; NO THIRD-PARTY BENEFICIARIES	-52-
1.	No Assignment	-52-
2.	No Third-Party Beneficiaries	-52-

O.	AMENDMENTS; WAIVERS; FURTHER ASSURANCES	-52-
1.	Amendments	-52-
2.	Waivers of Performance	-52-
3.	Further Assurances	-53-
P.	APPLICABLE LAW; RULES OF CONSTRUCTION	-53-
1.	Applicable Law	-53-
2.	Contra Proferentum Not Applicable	-53-
3.	Headings	-53-
4.	Severability	-53-
Q.	NOTICES	-53-
1.	Addresses	-53-
2.	Change of Address	-54-
3.	Delivery Methods	-54-
R.	FORCE MAJEURE; OTHER EXCUSED NON-PERFORMANCE	-54-
1.	Force Majeure	-54-
2.	Other Excused Non-Performance	-55-
S.	INTEGRATION CLAUSE	-55-
1.	Integration Clause	-55-
	SIGNATURES	- 56-

OPERATING AGREEMENT
for
THE DETROIT INSTITUTE OF ARTS

THIS AGREEMENT, made on the 12th day of December 1997 and effective as of the effective date, which is defined below, is between the City of Detroit ("*City*"), a municipal corporation organized and existing under the laws of the State of Michigan, acting by and through its Arts Commission ("*Commission*"), and Founders Society Detroit Institute of Arts ("*Society*"), a private nonprofit corporation organized and existing under the laws of the State of Michigan.

RECITALS:

1. The Detroit Institute of Arts ("*DIA*") is a unique cultural institution owned by the *City* and located therein. The *DIA* has a long and rich history. The *City* and the *Society* desire to continue to expand the tradition of excellence that exists at the *DIA*.
2. The *DIA* ranks among the leading museums in the world today because of its extensive art collections and community educational programs. The *DIA*, having a building of 600,000 square feet, is the fifth largest art museum in the United States. Each year the *DIA* hosts special exhibitions, as well as numerous community, educational and corporate events.
3. For many years, the *Commission* has contracted with the *Society* to provide services for the operation of the *DIA*. The *Society* also has provided substantial financial support and volunteer services to the *DIA*.
4. The historical contracting arrangement, however, has resulted in, among other things, dual sets of employees and personnel procedures, as well as dual administrative systems and procedures, including financial, accounting and purchasing procedures, and dual auditors.
5. The *City* desires to retain the professional services of the *Society* to provide a uniform system of management of, and fundraising for, the *DIA* so as to continue to promote and maintain the excellence of the *DIA*. The *City* shall continue to own the *City art collection*, including works of art acquired prior or subsequent to the *effective date*, as well as the *DIA*'s building ("*DIA building*"), located at 5200 Woodward Avenue, Detroit, Michigan 48202, and other *DIA* properties described below.
6. The parties believe that this *agreement* for the operation of the *DIA* by the *Society* will produce (a) cost efficiencies for the City; (b) improved business

efficiencies and overall effectiveness of *DIA* operations; (c) improved employee morale and long-term career development opportunities for employees; (d) increased gifts of works of art to the *DIA* and increased contributions to the *Society's* endowment funds held on behalf of the *DIA*; (e) increased opportunity to secure federal, state, regional, county, *City* and other financial support; (f) an ability to respond more quickly to changing conditions, circumstances and priorities; (g) continuation and possible future expansion of the *DIA's* hours and number of open galleries; and (h) an ability to host additional special exhibitions, all of which are expected to contribute to the long-term viability and stability of the *DIA* as a first-class fine arts museum.

7. The *City* and the *Society* are parties to two existing contracts, one with a term commencing on July 1, 1994 (the "*1994 contract*") and a Deaccession Form Contract dated as of November 1, 1992 (together with the *1994 contract*, the "*contracts*"). This *agreement* between the *City* and the *Society* will supplant the *contracts* between the *City* and the *Society*, and the *Society* fully agrees to the abrogation of its *contracts* with the *City*, as set forth in Exhibit 1 hereto.
8. The Corporation Counsel of the *City* has rendered an opinion to the effect that the applicable law does not prevent the transaction embodied herein.
9. Among the purposes for which the *Society* was founded are (a) assisting the *Commission* in the operation of the *DIA*, performing such services as may be requested by the *Commission*, (b) promoting the public's interest in and knowledge of art matters by classes, lectures, exhibits and such other methods as may be thought to be appropriate to that end, and (c) soliciting, receiving and administering money, works of art and other property.
10. The *Society* is firmly committed to the goal of diversity in all ranks of its workforce.
11. Section 7-301 of the *City Charter* establishes an Arts Department, headed by the *Commission*, which consists of seven (7) members. Section 7-301 provides in part that "the arts department shall maintain and operate the Detroit Institute of Arts." The parties acknowledge the important role played by the *Commission* in overseeing the *DIA* and agree that its oversight role is not diminished by the terms of this *agreement*.

NOW THEREFORE, the *City* and the *Society* agree as follows:

- (c) Consistent with the objective of promoting the excellence of the *DIA* and its facilities, the *Society* covenants that it shall not undertake to manage or operate any museum or art institution other than the *DIA*.

2. **Society's Duty to Manage the City Art Collection.**

- (a) The *Society* shall be responsible for managing the *City art collection* in accordance with the *DIA's* Collections Management Policy as in effect as of the execution date of this *agreement* and as modified from time to time hereafter in accordance with this *agreement*. Such policy shall be consistent with state-of-the-art practices that are generally recognized, accepted and followed by leading fine arts museums. The *DIA's* Collections Management Policy in effect as of the execution date of this *agreement* has been approved by the *Commission*, and the *Society* shall submit any proposed modification to the *Commission* for its approval of same. The *Society* shall also submit any such proposed modification to the *City Council*, which shall be deemed to have approved of such modification unless the *City Council* adopts a resolution rejecting such proposed modification within forty-five (45) days after receipt of such proposal.
- (b) Title to the *City art collection* remains with the *City*; however, the *Society* shall have the right to acquire and dispose of works of art in the *City art collection* in accordance with the *DIA's* Collections Management Policy. Any funds received from disposition of works of art in the *City art collection* shall be used solely to purchase other works of art for the *City art collection*. This Subsection F2 contains the *Society's* obligations with regard to collections management and pursuant to the Abrogation Agreement as set forth in Exhibit 1, as of the *effective date* will supersede the Deaccession Form Contract, dated as of November 1, 1992, between the *City* and the *Society*, the deaccession policies and procedures of which have been incorporated into the *DIA's* Collections Management Policy.

3. **Situs of the Collection; Loans of Works of Art.** The *Society* represents and warrants that during the *contract term* the *DIA building* shall continue to be the primary location for the exhibition of and storage of the *City art collection*. This Subsection F3 shall not limit or diminish the *Society's* ability to loan portions of the *City art collection* in accordance with the *DIA's* Collections Management Policy.

IN WITNESS WHEREOF, the *City* and the *Society*, by and through their authorized officers and representatives, have executed this *agreement* as of the date stated on the first page of this *agreement*.

WITNESSES:

Tania Bennett

Shirley A. Jagoda
Shirley A. Jagoda

Tania Bennett

Shirley A. Jagoda
Shirley A. Jagoda

Tania Bennett

Shirley A. Jagoda
Shirley A. Jagoda

CITY OF DETROIT ARTS COMMISSION

By: A. Alfred Taubman

Title: President

CITY OF DETROIT ARTS DEPARTMENT

By: Maurice D. Parrish

Title: Interim Director

FOUNDERS SOCIETY DETROIT INSTITUTE
OF ARTS

By: Richard A. Manoogian

Title: President

THIS AGREEMENT IS NOT VALID OR AUTHORIZED UNTIL APPROVED BY
RESOLUTION OF THE DETROIT CITY COUNCIL AND SIGNED BY THE PURCHASING
DIRECTOR.

THIS CONTRACT WAS APPROVED
BY THE CITY COUNCIL ON

Date: November 26, 1997

APPROVED BY LAW DEPARTMENT
PURSUANT TO SEC. 6-406 OF THE
CHARTER OF THE CITY OF DETROIT

By: Phyllis A. James
Phyllis A. James
Title: Corporation Counsel

PURCHASING DIVISION

By: Carolyn Almey *per*
Carolyn Almey
Title: Purchasing Director
Date: 12/12/97

FINANCE DEPARTMENT

No.: 77009 Date: 12/12/97

I hereby certify that an appropriation has
been made to cover the expenses to be
incurred under this Contract.

By: Valerie Johnson
Valerie Johnson
Title: Finance Director

DET07/75000.1 (version 11 of 72666.10)